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ABSTRACT

This document is progress report on the U.S. Department of Education's Student Financial Assistance (SFA) programs. Regarding its customer satisfaction objective, SFA notes that it looks to private sector leaders in e-commerce and promotes electronic services; offers electronic filing of the Free Application For Student Aid (FAFSA); offers most school and student publications on the SFA Web site; and makes SFA software available online. An interagency Web site available to students provides information about planning and financing college. Regarding SFA's objective of reducing the overall cost of delivering student aid, the report notes that nearly 1.6 million FAFSAs were filed electronically; students now can receive Personal Identification Numbers which allow them to sign their online FAFSAs electronically; the Y2K transition went smoothly; and SFA received four qualified opinions and one disclaimer of opinion on its fiscal year 1999 financial statements. Regarding SFA's employee satisfaction objective, the report notes that an employee satisfaction survey was conducted, and appropriate action was taken to improve satisfaction; and that SFA University pilot-tested a new course which offers front-line employees a common understanding about performance-based objectives. The report concludes with a performance indicator at-a-glance chart and a table describing student aid awards. (SM)

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ED 443 337

Performance Plan

Progress Report
2nd Quarter Fiscal Year 2000

Student Financial Assistance

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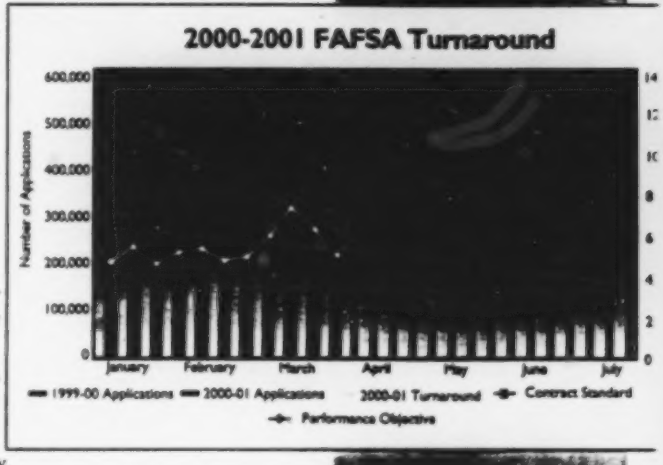
SFA

1 OBJECTIVE ONE: Customer Satisfaction

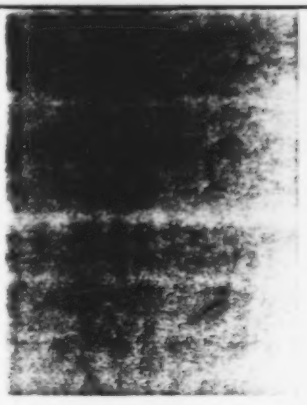
- Student Financial Assistance (SFA) continues to look to the private sector leaders in e-commerce and to follow the electronic services example set by the industry it most resembles. In addition to the electronic filing of the Free Application for Student Aid (FAFSA), virtually all SFA publications for schools and students are now posted on SFA's Web site. In addition, all SFA software is now available on www.sfadownload.ed.gov.



- *Students.gov* is an interagency Web site developed under the leadership of the U.S. Department of Education. It provides one-stop shopping for students wishing to take care of their government business online. The site provides information about planning and paying for higher education and even allows the user to apply for federal aid right over the Web!

www.students.gov

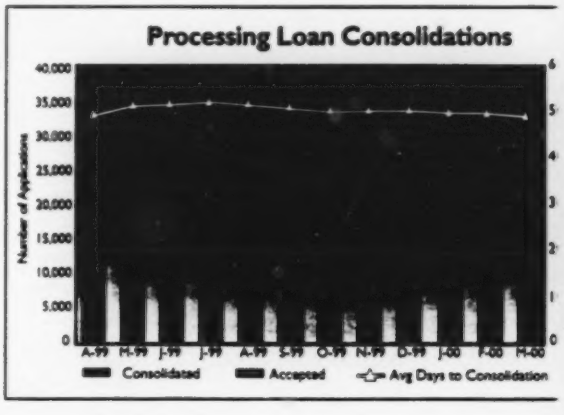
In March this site was awarded the prestigious "Hammer Award" by the National Partnership for Reinventing Government! The Hammer Award is presented to teams of federal employees whose work creates a government that works better, costs less and delivers results the American people care about. By providing online, immediate access to the government, *students.gov* makes it as easy as possible for students to do business with the government.



"This has been our most successful disbursement in Office of Financial Aid history. Congratulations to all of you. And a big thank you to the feds for the Multi-Year Promissory Note and its multi-year functionality."

Roger Maki-Schramm
Systems Analyst Officer
University of Michigan

- The information in National Student Loan Data System (NSLDS) continues to be updated and improved. NSLDS now provides schools with downloadable information on borrowers that have entered repayment. Schools now have the ability to self-monitor and confirm information in their systems throughout the year.



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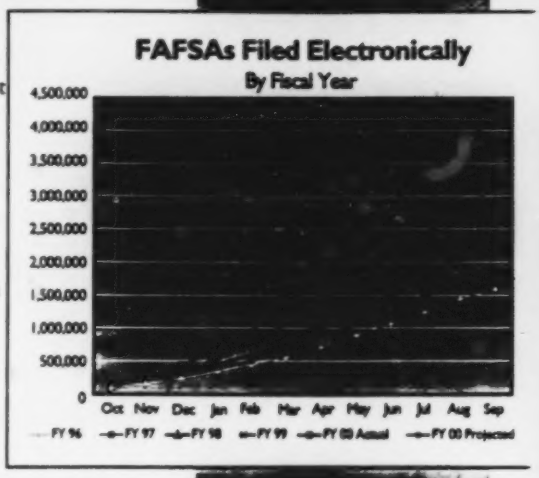
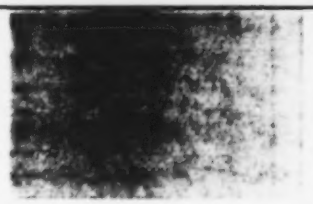
2 OBJECTIVE TWO: Reduce the Overall Cost of Delivering Student Aid



- Through the end of March 2000, nearly 1.6 million FAFSAs were filed electronically. This represents an increase of 46 percent over the same period last year. Only about 2 percent of electronic applications are returned to applicants to correct errors, as opposed to about 14 percent of the paper applications. As a result, students' applications are processed more quickly and SFA saves significant printing, postage and data entry costs.
- In January 2000, students began receiving Personal Identification Numbers (PINs) which allow them to sign their online FAFSAs electronically. The PINs can also be used to check account information online. This will speed aid delivery and cut costs. By the end of March, over 7 million PINs had been distributed to potential borrowers.
- While the Year 2000 computer problem was one of the most serious and complex management challenges ever faced by SFA and the entire Department of Education, the Y2K project was one of the greatest management successes. Eleven of the Department's 14 mission-critical computer systems are devoted to student financial aid. Virtually every SFA Y2K activity was successful and the transition occurred without problems. In addition to thorough Y2K systems renovations, SFA staff developed top-quality contingency plans, and also engaged in extensive outreach activities and data exchange testing with the higher education community.
- SFA received four qualified opinions and one disclaimer of opinion on its FY 1999 financial statements. SFA is working hand-in-hand with the Department-level Chief Financial Officer to address all the issues raised in the audit report. SFA is committed to developing a best-in-business financial management system to support SFA's financial management processes and reporting needs.



"This is to compliment one of your loan counselors. I had been putting off calling to resolve my late payment because I anticipated being met with no options and no sensitivity. But to my delight, my experience was quite the opposite! Not only did he resolve my payment issues, but he did so in a calm, kind, friendly and cheerful manner. It was an absolute pleasure to talk to him."

Jessica A. Ryan
borrower

3 OBJECTIVE THREE: Employee Satisfaction

- The first internal SFA employee satisfaction survey was conducted in January 2000. After the surveys were tabulated and analyzed, SFA leadership developed a series of action items to improve employee satisfaction. The list of items falls into the categories of giving employees the basic tools they need to do their jobs, stronger two-way communication, and ensuring each SFA member understands how the organization's transformation touches them and affects their jobs. Another employee satisfaction survey will be conducted in late April 2000.
- SFA University pilot-tested a new course, "PBO at the Front Lines," for all SFA employees. This training will provide front-line employees with a common understanding about the PBO, how it is different from other government agencies, and the implications and applications of the new PBO at the employees' day-to-day working level.

PERFORMANCE PLAN INDICATOR STATUS AT A GLANCE

as of March 31, 2000

Objective	Indicator	Status
	Process loan consolidations in 60 days or less, currently averaging 50 days.	
Student Channel	Keep the default recovery rate at 10 percent or higher, currently at 10.5 percent.	
	Call center (1-800-4FEDAID) answers 95 percent of phone calls.	
	Reduce the Lifetime Default Rate.	
	Process Free Applications for Federal Student Aid (FAFSAs) with an average turnaround time of eight days or less, currently averaging six days.	
	Respond to internal audit reports within the timeframe specified.	
	Create a new, high-quality SFA Web site linked to the Access America Web site and the Department's "Think College Early" Web site. Pending OMB guidance, link to appropriate sites in the education community.	
	Ensure that information is provided in accessible formats to meet the Department of Education's standards for special needs.	
	Partner with the Puerto Rican education community to focus on its needs, translate more of our publications into Spanish and post them on a Spanish version of our Web page.	
	Sponsor the first annual workshop to promote outreach partnerships.	
	Test all new aid awareness products and services with students and parents to make sure they are understandable.	
	Redesign the 2001-2002 Free Application for Federal Student Aid (FAFSA) to make it demonstrably simpler and more user friendly.	
	Redesign the Direct Loan consolidation electronic application to make it demonstrably simpler and more user friendly.	
	Work with five states and college consortia so data from college applications can be electronically applied to fill out FAFSA on the Web.	
	Expand FAFSA Correction on the Web capabilities.	
	Provide Web based mechanisms for students to check the status of their FAFSA and notify them when their electronic FAFSA has been received, and again when processing has been completed.	
	Work with the IRS to participate in a pilot test of electronic matching of income data.	
	Develop a Direct Consolidation Loan Web site and allow electronic submission of Direct Loan consolidation forms (except for forms containing a signature page) via the Internet.	
	Test all proposed changes to our application processing forms with focus groups of current and former students.	
	Include all our forms in a "pdf" file format on our Web site.	
	Establish one toll-free number, including TTY, for "one call" student customer service.	
	Reduce turnaround time for processing Direct Loan forbearance and deferment requests. Current contract standard is within ten days from the date of receipt and the current baseline averages between five and seven days.	
	Increase the number of FAFSAs filed electronically from three million to four million in FY2000.	
	Eliminate paper processing (with the exception of promissory notes) for students participating in our MENTOR Project in the state of New York.	
	Partner with the National Student Loan Clearinghouse so we can eliminate mismatches in enrollment information between our own and our partner's processes.	
	Try at least five new ways to make debt collection more effective, less costly, and more customer service oriented.	
	Increase by five, the number of guaranty agency partnerships with SFA designed to improve portfolio management.	
Schools Channel	Process 95 percent of school recertifications within 120 days of receipt. Improved to 69 percent.	
	Complete 95 percent of reimbursement requests within 30 days.	
	Keep the cohort default rate under 10 percent. Current baseline is 8.8 percent.	
	Resolve 90 percent of school audits within six months of receipt. Current baseline is 82 percent.	
	Process Direct Loan origination and disbursement records within three days. Current baseline is three days.	
	Process Pell funding requests within 24-36 hours. Current baseline is three days.	
	Identify schools that fail to submit audits or that submit audit reports late and take appropriate action.	
	Respond to internal audit reports within the timeframe specified.	
	Expand our current initiatives for new schools, including the creation of an eligibility checklist, preparing instructions on how to begin to draw funds, providing on-site technical assistance if requested, and extending an invitation to come to the regional office to meet the SFA staff.	
	Expand our current initiatives to help non-compliant schools and schools on reimbursement prepare action plans to improve their management of Title IV programs.	
	Assign each school a contact point who will be a part of a Customer Service Team with the know-how and authority to solve problems with one call. Contact points for institutions will respond to an institution's inquiry within 48 hours.	
	Post the schedule of SFA publications needed by schools on our Web site, and get public feedback on it.	

✔ Complete Exceeding Benchmark On Target Progress Concerns Not Met

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PERFORMANCE PLAN INDICATOR STATUS AT A GLANCE (cont.)

Objective	Indicator	Status
Schools Channel (cont.)	Participate in the Partnership Forum (establish Partnership Council Teams with our school partners) to develop common business processes and interchange standards for Pell, Direct loans and FFELP. Ensure delivery of quality customer service and address other common concerns.	
	Allow schools to download all SFA software and materials through IFAP or the SFA Web site.	
	Involve schools in operational decisions to assess their impact, and test changes with schools before implementing them.	
	Increase school's access to SFA databases within Privacy Act constraints and with appropriate security measures.	
	Improve the Direct Loan origination, reconciliation and closeout process. Test and evaluate an alternative origination and payments system using a commercial servicer as part of the Access America for Students project.	
	Electronically process official cohort rate appeals based on new data.	
	Initiate a feasibility study to identify the technology solutions that can be used to fully automate the compliance audit and financial statement submission and review process.	
	Work with schools to improve the quality of data in PEPS.	
Financial Partners	Reduce the Lifetime Default Rate.	
	Identify guaranty agencies and lenders that submit audit reports late and take appropriate action.	
	Respond to internal audit reports within the timeframe specified.	
	Create a rapid response team to identify and to address serious administrative problems.	
	Continue to work with guaranty agencies and lenders to maintain the quality of data in NSLDS.	
	Assign each financial partner a contact point within a customer service team with the know-how and the authority to get questions answered and problems solved.	
	Give guarantors access to all the information in the National Student Loan Data System within Privacy Act constraints and with appropriate security measure.	
	Involve our partners in the design of everything that affects them.	
	Join current guarantor and lender groups or establish Partnership Council Teams with guaranty agencies and lenders to develop guiding principles of quality service, training and technical assistance materials and performance data for benchmarking purposes. Develop common standards and operating rules to simplify transactions, and to address issues to improve service to students.	
	Develop electronic payment/reporting systems, in cooperation with guarantors.	
	Continuously ask our financial partners two questions: "Are we doing a better job as your partner?" and "What can we do next year to improve even more?"	
	Increase the default recovery rate for loans in default held by guaranty agencies.	
	Enter into up to six Voluntary Flexible Agreements with guaranty agencies in FY 2000, as called for in legislation, to experiment with improved ways to deliver aid, improve program integrity, and realize cost efficiencies.	
	Reduce fraudulent death and disability cases below 1998 baseline.	
	Within the Financial Partners channel, develop a project team and management methodology consistent with SFA enterprise-wide tools.	
CIO	Provide outreach services to the school community in Year 2000 preparedness, which will result in a Year 2000 school readiness measure in excess of 70 percent as reflected in a Department-focused survey on October 15, 1999.	
	Provide all student aid financial services without invoking contingency plans as a result of a major delivery system failure.	
	Manage the transition of all systems into the millennium in accordance with the Office of Chief Information Officer (OCIO) Day One plans with all events occurring as planned.	
	Manage the implementation of new systems or changes to systems from November 1999 to March 2000 with minimum risk and resulting in no system failures.	
	Achieve 90 percent of the annual major modernization milestones that have been approved by the Information Technology Investment Review Board.	
	Maintain the data system and communication infrastructure service levels, while reducing the operating cost by 10 percent through consolidation of operations.	
	Work with schools to improve the quality of data in NSLDS.	
	Respond to internal audit reports within the timeframe specified.	
	Maintain and refine the System Modernization Blueprint, which addresses two of the PBO's statutory responsibilities. Publish an updated Blueprint semi-annually.	
CFO	Receive an unqualified opinion on the FY99 financial statement audit.	
	Respond to internal audit reports within the timeframe specified.	
	Interim Activity-Based Cost accounting system is operational.	
	Complete Phase I and II of the Financial Management System.	

✔ Complete Exceeding Benchmark On Target Progress Concerns Not Met

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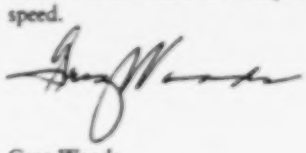
A MESSAGE FROM THE CHIEF OPERATING OFFICER

Dear Customers and Partners:

Take a look inside and I think you'll agree SFA's student customers had a pretty good quarter. They got new, easy-to-use products and services on the Web, the security of PINs, and quick turnaround on aid applications, even during the February and March crunch.

The outlook for the coming quarter is good too. You'll see our Rapid Response teams make Pell Grants easier for schools to administer and FAFSA on the Web applications easier for students to fill out. Students will be able to go back and make corrections online and consolidate loans online. Also check out our updated Modernization Blueprint (at **http://sfablueprint.ed.gov**). I believe it gives a clearer picture of our e-business strategy to upgrade SFA processes and systems. It features our software release schedule for the next two quarters and our modernization sequencing plan for the next two years.

I know this is supposed to be a status report and here I am talking about the future. But the business of improvement is exciting and we are picking up speed.



Greg Woods

Number and Dollar Amount of Federal Student Aid Awards

Student Financial Assistance, U.S. Department of Education

FY 1999 – FY 2001[1]

	FY 1999 (Est)		FY 2000 (Est)		FY 2001 (Projected)[2]	
	No. of Awards (Mil)	$ Awarded (Bil)	No. of Awards (Mil)	$ Awarded (Bil)	No. of Awards (Mil)	$ Awarded (Bil)
Pell Grants	3.8	7.3	3.8	7.9	3.9	8.5
Federal Family Education Loans (FFEL)	5.4	20.1	5.7	21.0	5.9	22.2
Federal Direct Student Loans (DL)	2.9	9.9	2.9	10.6	3.0	11.2
Consolidation Loans[3]	0.7	12.7	0.5	8.8	0.5	9.1
Campus-Based Programs	2.7	2.9	2.8	3.0	2.9	3.1
Work-Study	0.9	1.0	1.0	1.1	1.0	1.2
Supplemental Grants	1.1	0.8	1.1	0.8	1.2	0.9
Perkins Loans	0.7	1.1	0.7	1.1	0.7	1.0
Leveraging Educational Assistance Partnerships[4]	0.1	0.1	0.1	0.1	0.1	0.1
Total	**15.6**	**53.0**	**15.8**	**51.4**	**16.3**	**54.2**
Number of Students Aided by SFA Programs (Unduplicated Count)	**8.2**		**8.4**		**8.6**	

Note: Column totals may not add due to rounding.

[1] Shows total aid generated by Student Financial Assistance, including Federal Family Education Loan capital, Perkins Loan capital from institutional revolving funds, and institutional and matching state funds.

[2] Based upon requested amounts in the FY 2001 President's Budget.

[3] New FFEL and DL issued to consolidate existing loans.

[4] Reflects the LEAP program's statutory dollar-for-dollar state matching requirements. Discretionary state contributions above the required match, which are not reflected, significantly increase the number of grant recipients, the amount of aid available, and the average award.

SOURCE: U.S. Department of Education, Office of the Under Secretary

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